Government's Opposition to disinvestment of Government equity in certain PSUs

*202. SHRI NILOTPAL BASU: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether it is fact that Government had opposed the disinvestment of Government equity in certain PSUs on the ground that they are of a strategic manner;

(b) if so, the details thereof;

(c) whether any decision has been taken by Government in terms of properly defining strategic and non-strategic sectors; and

(d) if so, when and other details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING, MINISTER OF STATE IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES OF THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) to (d) A statement is laid on the Table of the House.

Statement

(a) and (b) The decisions in regard to the general disinvestment policy or the disinvestment proposals in specific PSUs are taken by the Government after inter ministerial consultation at various levels.

All the concerned departments and ministries express their views on the proposals under consideration and often suggest amendments and improvements to the proposals. These suggestions for amendments/improvements are duly considered by Government at the time of taking final decisions.

(c) and (d) The Government has clearly defined the strategic and

non-strategic Public Sector Enterprises as per the decision dated 16-3-99. The definition is that the Strategic Public Sector Enterprises would be those in the areas of:

1. **Arms and ammunitions** and the allied items of defence equipments, defence aircrafts and warships.
2. **Atomic Energy** (except in the areas related to the generation of nuclear power and applications of radiation and radio-isotops to agriculture medicine and non-strategic industries).
3. **Railway Transport**

It was also decided that for the non-strategic Public Sector Enterprises, the reduction of Government share to 26% would not be automatic and the manner and pace of doing so would be worked out keeping in mind the circumstances of the sector and company in question. A decision in regard to the percentage of disinvestment *i.e.*, Government share going down to less than 51% or to 26% would be taken on the following considerations:

(a) Whether the Industrial Sector requires the presence of the public sector as a countervailing force to prevent concentration of power in private hands, and

(b) Whether the Industrial sector requires a proper regulatory mechanism to protect the consumer interests before Public Sector Enterprises are privatised.

SHRI NILOTPAL BASU: Sir, frankly speaking, we are confused because in the Press, there have been widespread reports. The Ministry of Heavy Industries has said that power is one of the sectors which is strategic, in terms of country's economic development. Now, Bharat Heavy Electrical Ltd. which is a premier organisation and one of the Navratnas, has done wonderfully well, not only within the country but in terms of global competition also. When the Navratna package was announced, it was understood that these companies will get support to become global competitors. The biggest problem in this area is that, in spite of the fact that these are very good companies because of the financial package that these companies have to offer as part of the bidding process globally, they

are outsmarted by some of these multinational companies from the West and other developed companies. Therefore, we learn—there were Press reports—that the Ministry of Heavy Industries has argued—and logically—within the Government, for continuation of BHEL in the public sector and for not going in for the disinvestment route. But, here, we see that it has not been considered. So, would the hon. Minister be kind enough to elaborate this? Why a company like BHEL is not treated as stretegic company and considered for disinvestment?

SHRI ARUN SHOURIE: Sir, classification of strategic and non-strategic industries is based on the report of the Disinvestment Commission wherein they have listed that there were to be only four categories of industries which were to be regarded as strategic. These were first, defence-related industries; second atomic energy; third, minerals related to atomic energy; and fourth, railways. This is on page 17 of the Ist Volume of the Disinvestment Commission's report. Exactly this categorisation was adopted by the Government, except that the Ministry of Industry itself and the Department of Atomic Energy suggested that on the third item, that is, the classification of minerals or beachsand required for atomic energy, the earlier Atomic Energy Control Order of 1953 had been subsequently amended in 1985, and so, that head should not be there, other heads should be there. So, those three categories of defence-related industries, atomic energy and some related minerals—not all—and railways were regarded as strategic. So, I don't see any ambiguity in that. Secondly, on this classification, as I explained, during the extensive debate on disinvestment spread over two days, it had been adopted by the Government in March 1999 and it has been reiterated many times. That is the classification that is there today.

SHRI NILOTPAL BASU: Sir, it is quite amusing. It almost sounds like the devil quoting the scriptures because, earlier when there was a debate on this subject in this House itself, a number of examples were quoted by hon. Members that certain very meaningful recommendations of the Disinvestment Commission did not get the kind of consideration by the Government that it deserved in this particular area. Now, the question is how the classification has come;

what is its genesis and what is the logic? For example, you take the case of oil sector PSUs. After Independence, we had a situation when the entire western oil companies withdrew from the country saying that the oil sector had no viability; therefore, they totally withdrew their investment; and the country was totally dependent on imports for its oil needs. Therefore, the genesis of what should be a strategic sector and which companies will be strategic also depends on the history of the country and the experience which we develop. From that standpoint, I just fail to understand how a company like BHEL cannot be treated as a strategic company. Therefore, I would like to know, through you, Sir, from the Minister as to why companies which are related to the food security of the country, or, companies which help us in reducing our dependence on total import of oil, or strategic companies like BHEL are not treated as strategic companies. Will the Minister elaborate on that because the recommendations of the Disinvestment Commission, by itself, cannot be the logic?

SHRI ARUN SHOURIE: Sir, if I may kindly draw your attention to the question itself, it says, "(a) whether it is a fact that the Government had opposed the disinvestment of Government equity in certain PSUs..." The Government is, certainly, not opposing whatever it is proposing to do. That is the question. It is on the general categorisation of industries. if we are to discuss specific sectors, or firms like BHEL, or, oil companies, and so on, probably, that should be the subject of a separate question. I can, certainly answer it now, but it will take some time.

Secondly, even in cases of sectors or firms which have been regarded as non-strategic, the Government has said that disinvestment in them will not be automatic. Disinvestment in them will be subjected to two criteria, which the Government will Assess. One of them is whether the continuance of the public sector in that industry is necessary so as to prevent market dominance by one firm; whether it is a foreign firm or an Indian firm. That is, certainly, very much in the mind of government in the case of oil sector and many other sectors.

Sir, the second criterion which has been laid down is, even if it is

not going to result in market dominance, whether that sector requires a proper regulatory mechanism before the public sector withdraws. All these precautions have been taken and will be observed in this matter. Certainly, in the case of oil, whether it is ONGC or Oil India or the distribution companies and so on, all these factors are going to be kept in mind. But, Sir, if you direct that we should take up the individual cases, I have the material; and I can, certainly, go into that.

श्री संजय निरुपम: आदरणीय सभापति महोदय, श्री नीलोत्पल बसु के इस प्रश्न को जितना मैं समझ रहा हूं, यह प्रश्न जून के आखिरी हफ्ते में केबीनेट कमेटी आन डिस-इन्वेस्टमेंट की जो मीटिंग हुई थी उस मीटिंग के सन्दर्भ में है। उस मीटिंग में कुछ माननीय मंत्रियों ने अपने मंत्रालय के कुछ पब्लिक सैक्टर यूनिट्स के खिलाफ आवाज उठाई थी। केबीनेट के अंदर क्या हुआ यह हमें मालूम नहीं है। और पूरे प्रश्न का यही अर्थ है। निश्चित तौर पर अरुण शौरी जी तो डिसइनवैस्टमेंट को प्रमोट करने वाले मंत्री है। यहां प्रश्न यह है कि डिसइनवैस्टमेंट के विरोध में क्या है? किन लोगों ने विरोध किया और गवर्नमेंट किन मुद्दों पर डिसइनवैस्टमेंट का विरोध करती है? यह पूरा प्रश्न उस मीटिंग के संदर्भ में था और उस मीटिंग के संदर्भ में ही मैं आपसे सवाल पूछना चाहूंगा। महोदय, उस मीटिंग के बाद समझ में आ गया कि "जिसकी लाठी उसकी भैंस!" बेचारे शरद यादव जी विरोध नहीं कर पाए और एयर इंडिया के डिसइनवैस्टमेंट का डिसीज़न हो गया। लेकिन राम नाईक जी, मनोहर जोशी जी और कुछेक अन्य मंत्रियों ने विरोध किया तो उनके जो पब्लिक सैक्टर थे, उनको होल्ड पर रखा गया और डिसइनवैस्टमेंट के बारे में कोई निर्णय नहीं लिया गया। मंत्री महोदय से मैं जानना चाहूंगा कि हैवी इंडस्ट्रीज में विशेषकर मारूति और दूसरा ऑयल सैक्टर में ऐसे कौन-कौन से पब्लिक सैक्टर यूनिट्स हैं जो आपके डिसइनवैस्टमेंट के एजेंडे पर हैं और जिनका आप डिसइनवैस्टमेंट करने जा रहे हैं?

श्री अरुण शौरी: सर, संजय निरुपम जी ने 23 जून की कैबीनेट मीटिंग के बारे में प्रश्न किया और कहा कि पेपर्स के आधार पर उन्हें महसूस हुआ कि कई मिनिस्टर्स ने उस चीज़ को आपोज़ किया है। सर, इसमें मुझे आपकी डायरैक्शन चाहिए क्योंकि मुझे तो कैबनेट की चीज़ें डिसक्लोज़ करने में कोई ऐतराज नहीं है मगर पिछली बार यहीं पर कहा गया कि राम जेठमलानी जी का प्रॉसीक्यूशन किया जाए क्योंकि वे आफिशियल्स सीक्रेट पेपर्स वगैरह ले गये हैं। इसलिए सर, अगर आप डायरैक्ट करेंगे तो मैं उस कैबिनेट मीटिंग की बात बतलाऊंगा।

श्री सभापति : मैं आपको कैबीनेट मीटिंग की बात करने के बारे में नहीं कह रहा।

श्री संजय निरुपम: मैंने कैबीनेट मीटिंग के बारे में नहीं पूछा है। हालांकि यह भी एक प्रश्न है कि अगर पार्लियामेंट सर्वोपरि है, सर्वोच्च संस्था है, इसमें सारी चीजों पर चर्चा होनी चाहिए तो फिर कैबीनेट कमेटी ऑफ डिसइनवेस्टमेंट में क्या हुआ, कौन-कौन से पब्लिक सैक्टर्स पर डिसइनवेस्टमेंट के बारे में चर्चा हुई, मैं ऐसा समझता हूं कि उन मिनिट्स को यहां रखने में कोई बहुत बड़ा ऐतराज नहीं होना चाहिए।

श्री अरुण शौरी: चेयरमैन साहब ने रूलिंग दे दी है। आप उनकी रूलिंग पर कमैंट्स कर रहे हैं। आपने स्पैसिफिकली दो चीजों के बारे में पूछा। एक तो कि मारूति की सिचुएशन क्या है? सर, इस संबंध में विभिन्न चीजें हैं। आप यकीन कीजिए कि इंटर मिनिस्ट्रीयल कंसलटेशन कई लैवल्स पर कई बार होती है। As a new per son, as an outsider, one of the most reassuring things that I have found, contrary to the impression I had earlier, is that the discussion is completely free. During the course of the discussion, many persons change their views. They express contrary arguments. Someone may say, 'Yes, this is a good argument but not a very good argument.' That is the way these discussions take place. A decision is arrived at; the group as a whole arrives at it, after taking into account everybody's views. और यह कहना कि शरद यादव जी रोक नहीं सके और नाईक साहब ने रुकवा दिया, यह सही नहीं है। मैं आपको बताता हूं। नाईक साहब यहां बैठे हैं। आई०ओ०सी० पर 10 परसेंट जी०डी०आर० प्लेस होगा—यह तो बहुत देर पहले का डिसीज़न है। आई०बी०पी० के बारे में क्या करना चाहिए, इंडियन ऑयल के संबंध में क्या करना चाहिए, ओ०एन०जी०सी० के संबंध में क्या करना चाहिए? जैसे आई०बी०पी० का स्ट्रैटेजिक पार्टनर इमीजिएटली जरूरी है — यह डिसइनवैस्टमेंट कमीशन के टाइम से रिकमैंडेशन है—उस पर मिनिस्टर्स के व्यूज़ हैं, औरों के भी व्यूज़ हैं। मार्किट को देखा जा रहा है....

श्री दीपांकर मुखर्जी : पार्लियामेंट का व्यू भी ले लीजिए। Why should be ignore the Parliament?

SHRI ARUN SHOURIE: Not only may the matter be discussed in Parliament, it has in fact, been discussed many times. If I may say so, you and I are to meet alongwith Mr. Ved Prakash Goyal tomorrow. Everybody is being met and listened to. I can't understand, how a great conspiracy is being detected. On oil, it is a fact that ten per cent of ONGC is to be placed on GDR, but when it is to be placed is to be determined by seeing the market conditions.

Similarly,, on IBP, different proposals are there before the Government and exactly the same committee of cabinet on disinvestment will consider those. I will be having an intensive discussion with each of the Ministers before we go with a paper to the Cabinet Committee. Please be rest assured on that.

श्री संजय निरुपम: सरकार का सजेशन यह है तो ऑयल सेक्टर और मारुति के डिसबर्समेंट के बारे में आपकी राय क्या है?

श्री अरुण शौरी: जो डिसइनवेस्टमेंट कमीशन के प्रपोजल्स हैं, मैं आपसे दरख्वास्त करता हूं कि आप एक बार उनको पढ़ तो लीजिए। उन्होंने इस चीज़ को बहुत गंभीरता से असेस किया है। चेयरमैन साहब, मैं एक चीज़ अर्ज कर दूं कि 1991 से आपने ऑयल एक्सप्लोरेशन के लिए प्राइवेट सेक्टर और फॉरेन सेक्टर्स को इनवाईट किया। कितने सेक्टर्स, कितने एरियाज़ प्राइवेट सेक्टर को एक्सप्लोरेशन के लिए दिए गए हैं presisely because with ONGC having a monopoly. the rate of exploration and finding of new reserves was not as adequate as you would want for the sercurity of the country. Similarly, on Oil India, in IBP's case, it has five per cent of the retail trade today. The share, is only five per cent. Even in this share of about 1400 petrol stations, it owns only ten per cent. Others are with franchisees. You have to see what the attitude of the franchisees will be when you terminate the administered price mechanism from March 2002, which is less than two years from now. All those things will be kept in mind. And certainly, the most influential voice in these decisions will be of an experienced person who happens to be at this time the Minister in charge like Mr. Ram Naik. So, please do not see a conspiracy in it.

SHRI N.K. PREMACHANDARAN: Sir, I thank you for this opportunity. Sir, part 2 of the answer is with regard to the classification of atomic energy. The answer says that the atomic energy is a strategic sector except in the areas related to nuclear power. Sir, my first supplementary is whether the generation of nuclear power from this atomic element is not a strategic sector. The second part of my supplementary is regarding the Indian Rare-earth Limited extracting rare earth element. It involes three activities. The first is mining of minerals, the second is separation of mineral

elements and the third is value-adding process. Last year a global tender was invited by the Department of Atomic Energy for the process of mining. My specific question to the hon. Minister is whether any proposal is pending for any of these activities, namely, separation of mineral elements etc. through the value adding process, especially by the IRE Limited.

SHRI ARUN SHOURIE: Sir, as I mentioned, in the original classification these items have been split in two; one was atomic energy and the second was minerals specified in the Schedule to the Atomic Energy Control, Production and Use Order, 1953. This is how the classification had been put in the original note about the strategic sector. On this the Department of Industrial Policy and Promotion concurred with the new classification which had been propsed and which is exactly this. But they pointed out that that Order of 1953 had been amended by the Department of Atomic Energy's Notification of 15th March, 1995. The Department of Atomic Energy went further and pointed out that actually the exploitation of beach sand had alrady been opened up by the Government of India for the private sector, including foreign direct investment, up to 74 per cent. They also said that this terminology should be changed and that it is not necessary to retain the entry 'minerals specified in Schedule of 1953.' Further it suggested that the entry 'atomic energy' about which the hon. Member asked, may be modified to read, 'atomic energy except in the areas related to the generation of nuclear power and the applications of radiation and radioisotopes to agriculture, medicine and non-strategic industries.' That is the exact proposal, Sir, that was made by the Department of Atomic Energy, and that is the exact wording adopted by the Cabinet in its classification. As to whether there is a new proposal on those types of minerals and so on, Sir, that is a question that would probably be better addressed to the Department of Atomic Energy. Sir, if you so direct, I will get this information from the Department and give it to the hon. Member.

SHRI DIPANKAR MUKHERJEE: Sir, as the hon. Minister referred to the Report of the Disinvestment Commission, I would like to invite his attention to the note of dissent given in the case of

National Fertilisers. But that note of dissent by Dr. Nanjundappa refers to the fertiliser sector as a whole and he has given a comment that food security aspect should be considered before you think of disinvesting some of the existing public sector units. I would like to know whether the Government has taken into consideration this dissenting note and whether the Government is prepared to discuss this subject, as it involved the question of food security. Regarding disinvestment, I will not call disinvestment, but strategic sale for privatisation of public sector fertiliser units before they take a final decision.

SHRI ARUN SHOURIE: As he knows fully what transpired, yes, in the Disinvestment Commission's report, Dr. Nanjundappa's observations are there. He felt that from the fertiliser sector as a whole, in spite of OGL, in spite of other private sector firms coming in, the public sector should not withdraw at all. In spite of this note, Sir, the Disinvestment Commission has made its recommendation. I will read it out to you. They gave several reasons while considering Dr. Nanjundappa's recommendations. The reasons extend over two and a half pages. I will just read the operative part and the conclusion. They said, "The Commission, therefore, recommends, by majority view, that Government should sell a minimum of 51 per cent of its current holding to a strategic buyer with transfer of management control. A strategic buyer is expected to pay higher price for management control of the company." That is exactly the company that the hon. Member mentioned, National Fertiliser Limited. "... and Government proceeds could thus be maximised. In order to enhance investor interest in the company, Government should spell out a long-term strategy on the retention pricing mechanism to be followed by Government." The Commission further went on to say, "After the induction of a strategic buyer and completion of on-going modernisation programmes, Government could eventually disinvest its balance holding in NFL through a public offer of shares to domestic institutions and retail investors." So, Sir, certainly, Government is aware not only of Dr. Nanjundappa's note, but also of the a view that was taken eventually by the Disinvestment

Commission on that particular note. As you know, Sir, many people express views of various kinds. At the moment, a final decision has not been taken on national fertilizers, and it is my duty to meet persons from various quarters, including the hon. Member who has special knowledge and has expressed a special interest in retaining this particular institution in the public sector. But it is also a fact that this institution has four plants, and only one of these is functioning in a way to make any profits at all.

समुद्री उत्पादों का निर्यात

*203. श्री कपिल सिब्बल:
श्री राज मोहिन्दर सिंह:†

क्या वाणिज्य और उद्योग मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या यह सच है कि समुद्री उत्पादों के निर्यात में गत कुछ वर्षों से वृद्धि हो रही है;

(ख) यदि हां, तो वर्ष 1997-98, 1998-99 तथा 1999-2000 के दौरान वर्ष-वार कुल कितने मूल्य का निर्यात किया गया है;

(ग) क्या यह भी सच है कि कुल निर्यात में से मात्र 15 प्रतिशत ऐसे उत्पाद हैं जिनका प्रसंस्करण करके निर्यात किया जाता है;

(घ) क्या यह भी सच है कि यदि प्रसंस्कृत उत्पादों के निर्यात का प्रतिशत बढ़ाया जाता है तो मूल्य में और वृद्धि हो सकती है; और

(ङ) यदि हां, तो देश में वर्तमान में सभी उत्पादों के प्रसंस्करण की उपलब्ध कुल क्षमता कितनी है?

वाणिज्य और उद्योग मंत्री (श्री मुरासोली मारन): (क) से (ङ) एक विवरण सभा पटल पर रख दिया गया है।

विवरण

(क) और (ख) समुद्री उत्पादों के निर्यात में गत दशक के दौरान वृद्धि होती रही है।

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† सभा में यह प्रश्न श्री राज मोहिन्दर सिंह द्वारा पूछा गया।